

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL NOTE

HB 838 - SB 848

March 18, 2021

SUMMARY OF BILL: Updates minimum compensation levels for general officials within county governments and removes statutorily required annual minimum compensation increases for all county officials.

ESTIMATED FISCAL IMPACT:

Decrease Local Expenditures – Exceeds \$1,688,800/FY22-23

Other Fiscal Impact – Decreases in local expenditures in future years will be determined by the average annualized increase in state employee compensation and therefore, cannot be determined.

Assumptions:

- Pursuant to Tenn. Code Ann. § 8-24-102:
 - In 2001, minimum compensation levels for general officials within county governments were established based upon a county's population. There are 17 population tiers;
 - The minimum compensation of some county officials is based upon the minimum compensation level established for general officers; and
 - Each July the minimum compensation level is increased by a dollar amount equal to the average annualized general increase in state employee compensation from the previous fiscal year.
- The proposed legislation would:
 - Remove the top two population tiers and establish a tier for county populations of 400,000 or greater;
 - Update minimum compensation levels listed in statute to reflect current minimum compensation levels of remaining tiers; and
 - Remove the mandatory increase in minimum compensation based on state employee increases, and eliminate the required increase in compensation.
- Pursuant to Shelby County Charter Article III, Section 3.04 and Article VIII, the county mayor's salary and all county charter officials shall be set based upon Tenn. Code Ann. § 8-24-102, and shall be adjusted annually based on the statutory requirement.
- Pursuant to the Davidson County Charter Section 18.05, the salary or compensation of the mayor and other elected officials whose salary or compensation is fixed by the

Charter may be changed by the metropolitan council as established as part of the general pay plan.

- Pursuant to the Knox County Charter Article III, Section 3.04 and Article IV, the compensation of certain officials is governed by the Tennessee Constitution, laws of the State of Tennessee, and the Knox County Charter and the mayor's compensation is set to be greater than the compensation paid to any other elected officials.
- This analysis:
 - Uses data provided within the County Technical Assistance Service *County Officials Salary Schedule* for FY21-22 and information provided in the Tennessee Judicial District Map created by the Administrative Office of the Courts;
 - Does not include Davidson County, as Davidson County does not establish official compensation pursuant to Tenn. Code Ann. § 8-24-102; and
 - Includes Knox and Shelby Counties as such localities are presumed to utilize Tenn. Code Ann. § 8-24-102 when determining minimum compensation of county officials.
- This analysis assumes:
 - A minimum of two percent average annualized general increase in state employee compensation will occur in FY21-22; and
 - Counties will not decrease current compensation levels to align with the proposed minimum compensation levels.
- The estimated decrease in mandatory local government expenditures for removal of base salary compensation increases is estimated to exceed \$1,688,829 in FY22-23.
- The decrease in local expenditures in future years is dependent upon the level of average annualized general increase in state employee compensation; therefore, cannot reasonably be determined.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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